

State of South Dakota

EIGHTY-EIGHTH SESSION LEGISLATIVE ASSEMBLY, 2013

393U0006

HOUSE BILL NO. 6

Introduced by: _____

1 FOR AN ACT ENTITLED, An Act to require the use of cash rent data to determine the
2 agricultural income value of cropland for property assessment purposes.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

4 Section 1. That § 10-6-33.28 be amended to read as follows:

5 10-6-33.28. Notwithstanding the provisions of § 10-6-33, beginning on July 1, 2009,
6 agricultural land shall be assessed based on its agricultural income value on a per acre basis. The
7 agricultural income value of agricultural land shall be determined on the basis of productivity
8 and the annual earnings capacity of the agricultural land. The productivity of agricultural land
9 and its annual earning capacity shall be based on data collected and analyzed pursuant to this
10 section and §§ 10-6-33.29 to 10-6-33.33, inclusive.

11 Agricultural income value is defined as the capitalized annual earning capacity on a per acre
12 basis which has been adjusted by an amount that reflects the landowner's share of the gross
13 return. The capacity of cropland and noncropland to produce agricultural products shall be based
14 ~~on the income from crops or plants produced on the land. The capacity of noncropland to~~
15 ~~produce agricultural products shall be based on cash rents or the animal unit carrying capacity~~
16 ~~of the land, or a combination of both.~~ For the purpose of this section, annual earning capacity



1 for:

2 (1) Cropland is ~~thirty-five~~ one hundred percent of the annual gross return to the land
3 based on cash rent for cropland; and

4 (2) Noncropland is one hundred percent of the annual gross return to the land based on
5 cash rent for noncropland.

6 The annual earning capacity for cropland shall be capitalized at a rate of ----- percent
7 to determine the agricultural income value. The annual earning capacity for noncropland shall
8 be capitalized at a rate of six and six-tenths percent to determine the agricultural income value.